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FERC Lacks Authority to Regulate Futures Markets, Say Brian Hunter's Attorneys

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Meritless Action Propelled by Political Pressure; Agency Fails to Provide

Sound Legal or Factual Basis for Claims and Contradicts CFTC and Senate

NEW YORK, July 26 /PRNewswire/ -- Attorneys for former Amaranth trader Brian Hunter announced today that the action initiated by the Federal Energy Regulatory Commission ("FERC") is baseless. Mr. Hunter had already filed a suit against the FERC in federal court in Washington, D.C. on Monday challenging the lawlessness of the FERC's conduct. "The FERC is operating outside of its jurisdiction and their allegations have no merit, Brian Hunter did not undertake any manipulative trading and we will prove it," said Michael S. Kim, of Kobre & Kim LLP, counsel to Brian Hunter.

According to Mr. Hunter's lawyer, Michael S. Kim of Kobre & Kim LLP, the FERC ignored the law and the facts in bringing its action. "The FERC has no

legal authority regulating futures markets," explained Mr. Kim. Congress authorized the FERC to regulate wholesale energy markets, including trades of physical natural gas, not futures markets.

The Acting Chairman of the Commodity Futures Trading Commission (CFTC), Walter Lukken, has already acknowledged that trading by

Amaranth Advisors LLC did not have any effect on prices in the natural gas futures market. In testimony before the Senate Permanent Subcommittee on Investigations (PSI) in June 2007, Lukken stated that the CFTC's internal analysis had "failed to conclude that Amaranth's trading was responsible for the spread price level observed during 2006." Citing an internal report issued by the Office of the Chief Economist of the CFTC, Lukken also added that the CFTC was aware of Amaranth's positions on the New York Mercantile Exchange and "did not view the size of Amaranth's NYMEX positions ... as per se evidence of improper or manipulative trading."

The FERC's action threatens to create confusion over who precisely regulates futures markets, raising serious implications for market participants and investors. "The FERC lacks the authority, experience, or regulatory system to monitor these markets," explained Mr. Kim. "In fact, the FERC is mistakenly alleging that Brian Hunter's trading actually manipulated the futures markets, when in fact the CFTC -- after a year of investigation - could not even find any evidence of such and had to resort to alleging 'attempted' manipulation."

Mr. Kim stated that, like the CFTC's complaint, the FERC action relies on out-of-context, sensationalistic excerpts from Brian Hunter's prior statements rather than hard facts and the full context of Hunter's statements. "The FERC relies on a handful of quotations, pulled out of context, to paint a misleading picture," Mr. Kim said, "but they deliberately left out the full explanations of such exchanges that Brian Hunter voluntarily provided on-the-record to agencies in investigative testimony." The FERC, like the CFTC, left out such material, according to Mr. Kim, "because they are afraid that Brian's cogent explanations will reveal their enforcement actions for what they are -- baseless political stunts."

Mr. Kim also pointed out the numerous contradictions in the positions of the various government bodies seeking to capitalize on the publicity surrounding Amaranth and Brian Hunter for their own purposes, "The Senate says that Brian Hunter's trading caused energy prices to rise, the FERC says that the trading caused energy prices to fall, and the CFTC says that the trading did not affect prices at all." Mr. Kim stated, "The truth is that Brian Hunter's trading was completely legitimate and none of these government agencies ever alleged otherwise until recent political pressure required them to look for a scapegoat."

The FERC action follows a month of intense Congressional scrutiny on the agency and years of criticism for inadequate oversight. Political pressure has been mounting on the FERC ever since the collapse of Enron and the California Energy Crisis in the early 2000s. "The FERC is trying to deflect attention from the growing doubt about the agency's ability to oversee the natural gas markets effectively," Mr. Kim stated.

SOURCE Kobre & Kim LLP -0- 07/26/2007 /CONTACT: Brian Maddox, +1-646-642-8933/ CO: Kobre & Kim LLP; Federal Energy Regulatory Commission; Commodity Futures Trading Commission ST: New York, District of Columbia IN: OIL SU: LAW CA-KM -- NYTH091 -- 0950 07/26/2007 11:20 EDT <http://www.prnewswire.com>

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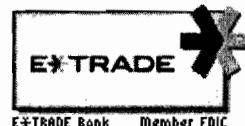
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